

ATTN: International Tax Reform Working Group

Dear Representative Nunes and Blumenaur,

I am writing to ask that the International Taxation Committee of the Ways & Means Committee for Tax Reform seriously consider the ACA proposal for reform to Residency-based taxation RBT. See link: HYPERLINK "http://americansabroad.org/files/6513/6370/3681/finalsubrbtmarch2013.pdf" <http://americansabroad.org/files/6513/6370/3681/finalsubrbtmarch2013.pdf>

Taxation is a complex subject. However I believe that the entire issue of citizenship-based taxation can be summed up very simply: what the vast majority of Americans living abroad wish for is to be treated by the United States government the same way that every other country in the world treats their own citizens living abroad: residence-based taxation, not citizenship-based taxation.

I am an American citizen, I have lived and worked in France since 1989, and I have met many Americans living in Europe. None were rich, none had moved to Europe to pay less tax, none were attempting to hide assets from the IRS, most had income below the Foreign Earned Income Exclusion, and in fact most had chosen to live in countries with higher tax rates than the US. However I have never met an "expat" who did not feel that double-taxation was deeply unfair and unjustifiable.

The past few years have been a time of great distress and anxiety for America's 7 million citizens living abroad. When the IRS took an interest in the long ignored FBAR filing requirement, many found that they could be subject to ruinous penalties simply for having opened a checking account in a local bank. Even the IRS's Taxpayers Advocate has referred to the FBAR Voluntary Disclosure Program as a "bait and switch" scheme. Because of FATCA many are afraid that banks in our their country of residence will refuse to accept Americans as customers. And now there is a group of senators intent on eliminating the Foreign Earned Income Exclusion. There has been a seemingly endless stream of very bad news for Americans living abroad.

Penalties for non-compliance with often obscure US tax laws are terribly disproportionate. Ordinary financial activities such as earning money, opening a bank account, or saving for one's children's education, have become devastating financial traps for the unsuspecting expat due to citizenship-based taxation. Many expats are still unaware of FBAR and FATCA.

As I understand it, there is currently only one other country in the world which taxes their citizens living abroad; Eritrea. This has been condemned as a human rights violation by the UK, Canada and other Western nations. It may sound like hyperbole, but the phrase "human rights violation" rings true, and reflects the feelings of a great many Americans living abroad regarding double-taxation, FBAR and FATCA.

A previous GAO report concluded that citizenship-based taxation actually results in a revenue loss for the USA, due to the fact that most expats owe no US tax, and the negative impact of this policy on American business competitiveness in global markets.

All of this could be remedied simply by adopting a policy to residence-based taxation. This is not an unreasonable demand, it is simply the accepted tax policy of every other nation on our planet. Please seriously consider the residency-based taxation proposal submitted by American Citizens Abroad (ACA).

Yours sincerely,  
Brian Clevinger